

116TH CONGRESS  
2D SESSION

# S. 4751

To amend the Internal Revenue Code of 1986 to limit the charitable deduction for certain qualified conservation contributions.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2020

Mr. DAINES (for himself, Mr. GRASSLEY, and Mr. ROBERTS) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to limit the charitable deduction for certain qualified conservation contributions.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Charitable Conserva-  
5 tion Easement Program Integrity Act of 2020”.

1 **SEC. 2. LIMITATION ON DEDUCTION FOR QUALIFIED CON-**  
2 **SERVATION CONTRIBUTIONS MADE BY PASS-**  
3 **THROUGH ENTITY.**

4 (a) IN GENERAL.—Section 170(h) of the Internal  
5 Revenue Code of 1986 is amended by adding at the end  
6 the following new paragraph:

7 “(7) LIMITATION ON DEDUCTION FOR QUALI-  
8 FIED CONSERVATION CONTRIBUTIONS MADE BY  
9 PASS-THROUGH ENTITY.—

10 “(A) IN GENERAL.—In the case of any  
11 qualified conservation contribution of any part-  
12 nership, no amount of such contribution may be  
13 taken into account under this section by any  
14 partner of such partnership as a distributive  
15 share of such contribution if the aggregate  
16 amount so taken into account by such partner  
17 for the taxable year would (but for this para-  
18 graph) exceed 2.5 times the portion of the ad-  
19 justed basis of such partner’s interest in such  
20 partnership (determined immediately before  
21 such contribution and without regard to section  
22 752) which is allocable (under rules similar to  
23 the rules of section 755) to the qualified real  
24 property interest with respect to which such  
25 contribution is made.

1           “(B) LIMITATION TO FIRST-TIER PART-  
2           NERSHIPS.—Except as may be otherwise pro-  
3           vided by the Secretary, no distributive share of  
4           a qualified conservation contribution shall be  
5           taken into account under this section if the in-  
6           terest in the partnership making the contribu-  
7           tion is held through one or more partnerships  
8           or pass-through entities.

9           “(C) EXCEPTION FOR CONTRIBUTIONS  
10           OUTSIDE 3-YEAR HOLDING PERIOD.—Subpara-  
11           graphs (A) and (B) shall not apply to a part-  
12           ner’s distributive share of a qualified conserva-  
13           tion contribution if such contribution is made—

14                   “(i) at least 3 years after the date the  
15                   partnership acquired the entirety of the  
16                   qualified real property interest with respect  
17                   to which such contribution is made, and

18                   “(ii) at least 3 years after the date  
19                   the partner acquired the partner’s entire  
20                   interest in the partnership with respect to  
21                   which such distributive share is determined  
22                   (including, for purposes of subparagraph  
23                   (B), any such interest held through one or  
24                   more partnerships or pass-through enti-  
25                   ties).

1           “(D) EXCEPTION FOR FAMILY PARTNER-  
2 SHIPS.—This paragraph shall not apply with  
3 respect to any partnership if substantially all of  
4 the partnership interests in such partnership  
5 are held by individuals who are related within  
6 the meaning of section 152(d)(2).

7           “(E) APPLICATION TO OTHER PASS-  
8 THROUGH ENTITIES.—Except as may be other-  
9 wise provided by the Secretary, rules similar to  
10 the rules of this paragraph shall apply with re-  
11 spect to qualified conservation contributions of  
12 S corporations and other pass-through entities.

13           “(F) REGULATIONS.—The Secretary shall  
14 prescribe such regulations or other guidance as  
15 may be necessary to carry out, and prevent the  
16 avoidance of, the purposes of this paragraph.”.

17 (b) EFFECTIVE DATE.—

18           (1) IN GENERAL.—Except as otherwise pro-  
19 vided in paragraph (2), this section shall apply to  
20 contributions made in taxable years ending after De-  
21 cember 23, 2016. No inference is intended as to the  
22 appropriate treatment of contributions made in tax-  
23 able years ending on or before such date or as to  
24 any activity not described in section 170(h)(7) of the

1 Internal Revenue Code of 1986, as added by this  
2 section.

3 (2) LIMITATION TO FIRST-TIER PARTNER-  
4 SHIPS.—Subparagraph (B) of section 170(h)(7) of  
5 the Internal Revenue Code of 1986, as added by this  
6 section, shall apply to contributions made after the  
7 date of the enactment of this Act.

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